

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 IO-11 FEA-01 ERDA-05 SAM-01 SAJ-01

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 2002

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BOGOTA

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BUENOS AIRES

AMEMBASSY MEXICO

USMISSION NATO

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L MOSCOW 5043

EO 11652: GDS

TAGS: EFIN ETRD ENRG UR US COMECON EALR

SUBJECT: ACTIVITY OF CEMA INTERNATIONAL INVESTMENT BANK

1. FOLLOWING ARE MAIN POINTS FROM MARCH 31 CONVERSATION BETWEEN
EMBASSY OFFICER AND DR. OTTO KILTZ (HUNGARY), VICE CHAIRMAN OF
COUNCIL OF MUTUAL ECONOMIC ASSISTANCE (CEMA) INTERNATIONAL INVEST-
MENT BANK (IIB). FURTHER DETAILS BY AIRGRAM.

(A) SPRING SESSION OF IIB COUNCIL MEETING, TO BE ATTENDED BY
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BANKING DELEGATIONS FROM ALL CEMA MEMBER COUNTRIES, WILL TAKE

PLACE IN MOSCOW APRIL 5. SESSION IS EXPECTED TO APPROVE "FOUR OR FIVE NEW PROJECT CREDITS," RAISING TOTAL OF INTRA-CEMA CONSTRUCTION PROJECTS NOW BEING FINANCED BY BANK TO ABOUT 45.

(B) FOR FIRST TIME, REPRESENTATIVES OF INTER-AMERICAN DEVELOPMENT BANK (IADB) WILL ATTEND IIB COUNCIL MEETING AS OBSERVERS.

(C) ALL DETAILS FOR IIB 600 MILLION EURO-DOLLAR LOAN FOR ORENBURG NATIONAL GAS PIPELINE HAVE NOW BEEN COMPLETED AND ONLY A FEW FORMALITIES REMAIN BEFORE SIGNATURE. IN RESPONSE TO QUESTIONS, KILTZ CONFIRMED THAT THERE IS NO GUARANTEE THAT ALL OF US DOLS 600 MILLION WILL BE USED FOR ORENBURG. IT IS POSSIBLE, HE SAID, THAT SOME AMOUNTS MAY BE "TEMPORARILY DIVERTED" FOR OTHER PROJECTS.

(D) KILTZ AND HIS ASSISTANT, IM NOVIKOV (USSR), WILL ATTEND AN INTERNATIONAL BANKING CONFERENCE IN MEXICO IN MAY. PRIOR TO AND AFTER CONFERENCE THEY PLAN TO VISIT NEW YORK, SAN FRANCISCO AND CANADA. CALLS IN NEW YORK WILL INCLUDE FEDERAL RESERVE BANK, CHASE, CITIBANK, AND IN SAN FRANCISCO BANK OF AMERICA.

(E) IIB HAS NOT YET FOUND "THE RIGHT RECIPIENT" FOR CREDITS FROM CEMA ONE-BILLION RUBLE FUND FOR AID TO DEVELOPING COUNTRIES, BUT THEY ARE STILL LOOKING.

2. COMMENT. EMBASSY INTERPRETS IIB OVERTURES TO INTER-AMERICAN DEVELOPMENT BANK, AND ALSO KILTZ PLANS FOR VISIT TO MEXICO AS INDICATIVE OF INCREASING CEMA INTEREST IN LATIN AMERICA. THIS FOLLOWS RECENT CONCLUSION OF CEMA AGREEMENT WITH MEXICO, NEGOTIATIONS FOR AGREEMENT WITH COLOMBIA AND INDICATIONS OF INCREASED CEMA ATTENTION TO PROJECTS IN CUBA WHICH HAS BEEN FULL CEMA MEMBER SINCE 1973.

3. REFERENCE TO POSSIBLE TEMPORARY DIVERSION OF EURO-DOLLAR FUNDS BEING RAISED FOR ORENBURG PROVIDES SOME CONFIRMATION FOR COMMENTS RECENTLY MADE TO EMBASSY BY VISITING US BANKERS TO EFFECT THAT ORDERS BEING PLACED FOR ORENBURG PROJECT ARE NOT UP TO LEVEL OF RECENT HARD CURRENCY BORROWINGS. END COMMENT.
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